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ABSTRACT

Financial barriers to college attendance that affect women, minorities, low-income, and other nontraditional students are identified, along with alternative sources of student financial aid. Research has suggested that financially-independent students are most vulnerable to fluctuations in aid, and tend to have low incomes, be minority members or women, and have dependents. Women and minority students have special problems, especially in obtaining child care. Since some government agencies have ruled that student financial aid constitutes income, public assistance for low-income students may be reduced. To alert students to economic realities, new linkages with educational, community, and labor organizations should be explored. Aid for part-time students is needed, along with flexible learning opportunities and counseling, including money management. Business should consider targeting more of its educational assistance toward lower-level employees, who are often minorities and others who need career upgrading through coursework. Another way to provide financing for education is through partnerships with business, especially in the areas of workforce training and technological innovation. (SW)

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ALTERNATIVE SOURCES OF STUDENT FINANCING

Presented By

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at the

Association of Independent Colleges and Schools

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Abstract

Title: Alternative Sources of Student Financing

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Reallocation of resources, combined with shifting student interests and strained state and federal budgets, threaten to reverse recent gains in educational access. As a result, educational access and equity have become increasingly dependent on effective implementation of student aid policies.

Business schools provide higher educations for students who would not otherwise attend, i.e., women, minorities, low-income and non-traditional students. These programs are oriented toward job preparation or retraining for new skills. Research by NYSHESC has shown that financially independent students are most vulnerable to fluctuations in aid; they tend to have low incomes, to be minorities or women, and to have families who depend on them. Often their reliance on income maintenance programs places them in double jeopardy when aid and other social programs are cut; their assistance may be reduced when the educational assistance they receive is deemed duplicative.

Recommendations are made for flexibility and responsiveness on the part of schools in responding to the needs of students.

Also necessary are alternative methods of financing the evolving diverse educational programs. Part-time aid and employer assistance are two avenues to be pursued and expanded, as well as participation by the business sector.

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An old Chinese proverb says, "If you are planning for a year, sow rice. If you are planning for a decade, plant trees. If you are planning for a lifetime, educate a person." America's business schools are helping students plan for a lifetime. Your programs are ensuring that education meets the needs of individuals as well as of society.

I am pleased to have this opportunity to participate in a forum for the consideration of alternative sources of student financing. Not only is this issue timely, it is essential, as reallocation or reduction of current resources, combined with shifting student interests and strained state and federal budgets threaten to reverse the gains in educational access made by our nation during the past two decades. As President of the New York State agency which administers student aid, and as a parent, I am very much aware of the increasing difficulty in meeting the escalating costs of postsecondary education. As a result, the educational access and equity that have been promised to students by our democratic society are becoming increasingly dependent on effective implementation of student financial aid policies.

RESEARCH FOCUS ON WOMEN, MINORITIES AND INDEPENDENT STUDENTS

The student financial aid program area is currently going through a critical time because of review and readjustment of funding priorities. At the federal level, the Higher Education Act, which includes the Title IV student aid programs, is in the process of being reauthorized for a five-year period. I believe that it is essential that policy decisions be made at the federal level which are sensitive to the needs of the most vulnerable student groups. To this end, I have directed research which focuses on how students and their families are meeting the costs of postsecondary education. In particular, we are examining major issues which relate to access for women, minorities and independent students. Our quantitative data, as well as that of other groups, clearly indicate that postsecondary education is a dynamic enterprise. Changing student bodies and new economic realities influence the programs offered and the methods of delivery of educational services. Our nation's business schools recognize life-long learning as a traditional goal. You provide access to higher education for many students who would not otherwise attend. Many of these students are women and minorities and a large proportion are from low-income backgrounds. Your programs are oriented toward job preparation and your students look to you for assistance in entering the employment market. Others seek retraining in order to be able to make career transitions. Your programs may, in some aspects, be in the forefront in addressing the needs of the students of the future. Research has shown that the proportion of minority students in prime college age groups will continue to grow. That is, they will become a larger

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potential pool of college students, assuming that financial aid counseling programs are available to facilitate their access to higher education. Older, "non-traditional" students and women are already an increasing proportion of our postsecondary enrollments. Many are married with dependents or single parents seeking training to enter the job market or retraining to gain new skills to meet the changing needs of our society.

CONSIDERATION IN PLANNING

Getting these students into and, more important, keeping them in the educational pipeline will be possible only if counseling and financial aid programs recognize their special needs. As I mentioned before, enrollment trends indicate growing numbers of minorities, women and older students, groups which are predominantly financially independent and more likely to have lower income levels than the families of traditional 18 to 22-year olds. They have no parental support for education and, additionally, have others who are dependent on them.

This past year, the Corporation analyzed the results of a massive student financing survey. One report from that survey investigated the role that financial aid played in providing student access and choice for minorities, women and independent students in general. Some example findings include:

1) The survey results underscored the difficult situation faced by financially independent students. Higher percentages of financially independent student aid recipients had need gaps after aid and expected family contributions were taken into account.

2) Nearly nine-tenths of the financially independent full-time undergraduate recipients reported family gross incomes of $10,000 or less.

3) Some special problems experienced by women and minorities in obtaining postsecondary educations were revealed, particularly in the area of child care.

4) Minority aid recipients were more likely than white aid recipients to perceive financial aid as critical to their ability to attend postsecondary education.

Low-income students who must also rely on income maintenance programs for themselves and their dependents may be placed in double jeopardy by regulations or interpretations of regulations by government agencies. Groups who are affected include women, independent students with dependents, minority women and people who have been out of school (including high school) for three to ten years. Going back to complete their GED and enrolling in

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college requires considerable effort and determination, in light of their many other responsibilities, e.g. work and family. Yet, just as they begin to painstakingly piece things together, government agencies may throw up roadblocks which impede or bring to a halt their progress.

This has occurred in several cases where agencies administering public assistance have ruled that student financial aid should be considered as income and, as a result, have reduced the amount of students' assistance. As a result, the purposes of both higher education and public assistance programs are thwarted, the student becomes frustrated, traumatized and/or cynical, loses time at school and, if the hardship becomes intolerable, is forced to drop out.

Hayes vs. CUNY, a class action suit, resulted in a victory for approximately 10,000 CUNY students and 10,000 more students statewide. The court ruled that the New York City Department of Social Services could not count student aid as income nor reduce benefits because of it. Two similar cases are currently in litigation, one relating to the WIN program and the other to the Food Stamps program. In Schreiber vs. Vernez, the Department of Social Services has been served a preliminary injunction to restrict them from forcing student to drop out of school in order to receive Aid for Dependent Children payments. In Alvarez vs. Block, the issue is the consideration of "non-earmarked" aid (i.e. Pell) as income in determining Food Stamp eligibility. The Department of Social Services has recently joined with the student plaintiffs in this case against the Department of Agriculture.

Clearly, instances such as these are subversions of the financial aid process. What is the benefit of educational assistance if the student cannot meet minimal subsistence costs? And where is the logic in forcing students to drop out of school to work in what are essentially dead-end kinds of jobs?

Another issue which has serious implications for students on welfare is the lower living cost budgets used by Social Services, as compared with the already modest budgets constructed in institutional financial aid offices. Institutional budgets are generally based on nationally accepted College Scholarship Service recommendations for "no frills" schedules. Furthermore, financial aid packages based on these budgets usually have a work expectation built in and may be designed so as to not fully meet need.

All of these problems impact not only on the public section of education but on the independent sector also, insofar as any college with opportunity program students is affected. While the numbers at individual colleges may be small, the aggregate effect is quite large.

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Research shows that minority families and women continue to fact economic and social hardships in our society, despite the relative progress that has been made in recent decades. For example, consider the following:

- The after tax per capita income for blacks in 1980 was only 60% of the average for whites.
- The percentage of blacks living below the poverty line was the same in 1981 as it was in 1970.
- Hispanics and blacks continue to be underrepresented in the higher paying administrative, professional and technical jobs. For example, in 1980, Hispanics accounted for only 4 to 5% of such jobs in New York State, while comprising 12% of workers in lower paying service - maintenance categories.
- Women continue to be heavily underrepresented in the lucrative "high tech" occupations. In 1981, women comprised only 4% of working engineers, 13% of medical doctors and 22% of life and physical scientists.

Clearly, access for increasing numbers of minority, women and independent students will be dependent on the flexibility and responsiveness of schools in adapting to the diverse needs of such students. The purpose of financial aid is to relieve the cost barrier for students. However, HESC research shows that the barrier has not been removed, and that it is, in fact, greatest for independent students. Our 1981-82 student financing survey showed that even after all aid and expected family contribution were taken into account, 71% of financially independent undergraduates had an average shortfall of more than $2600. To fully understand the implications of these findings, it must be remembered that financially independent students have fewer options for filling this gap, since parental support is not available and they often have dependents of their own.

In order to prepare student for the reality of a shortfall in dollars, the next step must be counselling:

1) Information and dissemination programs must be developed which target such groups as the historically under-represented, older and returning students, as well as groups who may be experiencing adverse economic conditions. New linkages with appropriate educational, community and labor organizations need to be explored. Students need help in planning their educational financing and in adjusting their life styles to accommodate the economic realities of their situations.

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2) Learning opportunities will have to be more flexible, convenient and diverse in order to fit into the busy lives and hectic schedules of some adults. For example, New York's Empire State College which allows credit for relevant life experience and which provides flexibility in academic progress and independent study.

3) Child care facilities must be made available by schools or in collaboration with other social services or business groups.

4) Counselling services, including money management, must be made available at times convenient for students. Rights and responsibilities in dealing with public assistance agencies need to be spelled out in clear and simple terms.

As adult education and life-long learning become increasingly important segments of higher education, we need to break away from the traditional categorization of students as two-year, four-year, graduate, part-time or full-time. Budgets and student aid are frequently geared to such categories, and full-time students are viewed more favorably than others. But many students have full-time jobs and family responsibilities, making it impossible to complete degrees in the usually prescribed framework. As more institutions look to continuing and adult education to bolster enrollments, they will need to become more sensitive to the needs and differences of such education and its implications for community-public relations.

ALTERNATIVE FINANCING

In seeking alternative financing for education, we must be bold and innovative in adapting existing programs to accommodate changing student populations and to reflect economic realities.

Students who attend school full-time are finding it increasingly necessary to work more hours in order to pay for their educational costs. This, in effect, means that more full-time students also have to deal with full-time employment. Such a situation is likely to have a negative impact on academic achievement. It would be logical to encourage students who work full-time to attend school part-time. Incentives for this could be provided by subsidizing tuitions for part-time attendees through programs of part-time aid or by broader availability of employer assistance.

New York State has initiated this year a financial aid program that, for the first time, provides State assistance for part-time undergraduates. Other states nationwide need to follow this lead. We need to push for legislation at the federal level which would continue the State Student Incentive Grant (SSIG)

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program and would allow the states to use these funds in entitlement programs of part-time aid.

Independent students are the most likely student group to be in the job market and thus their difficulty in meeting costs for upgrading their training and educational preparation has a pronounced impact on the business sector. Businesses should be encouraged to offer programs of educational aid as they will ultimately reap the benefit. As part of our student financing survey, we also requested information on employer-assisted students. Our findings in this area include:

1) Approximately 90% of the students reporting employer assistance attended school part-time.

2) Employer-assisted students worked an average of 38 hours per week.

3) Most employer-assisted students earned middle or high incomes, probably because employers tend to train employees who have responsible positions, rather than entry-level employees.

4) The majority of those receiving employer assistance were women (59%) and were financially independent (93%).

5) Minority students represented 12% of employer-assisted full-time workers while comprising 26% of those students who received no employer assistance but who worked full-time off-camps while attending school.

It would appear from the data that business should consider targeting more of its educational assistance toward lower level employees, who are often minorities and others in need of career upgrading through educational coursework. Because these groups are already experiencing economic and possibly academic disadvantage, their exclusion from employer assistance penalizes them still further.

PARTNERSHIP WITH BUSINESS

Another way to provide financing for education is in partnership with business. Cooperation between the corporate world and the educational sector, especially in the areas of workforce training and technological innovation, can prove mutually beneficial and can help industry meet international competitive challenge. Colleges should make greater use of cooperative and work-study programs and provide more assistance to companies as they develop vocational training programs. For example, in New York State, the Regents Program on Non-collegiate Sponsored Instruction has worked with 177 organizations to establish

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academic credit recommendations for 2,000 of their courses. One such case was a collaboration between Ebasco Services and Pace University. Ebasco, an engineering, construction and consulting firm, discovered through monitoring its tuition assistance payments that a substantial number of nondegree employees were pursuing degrees in business administration. Because several of its in-house management and supervision courses were recommended for credit by the Regents Program, the company was able to forge a link with Pace University whereby these employees could apply their Ebasco courses toward a Pace degree.

Another example of industry/college cooperation is found in the Corporate Education Exchange, a project of Boston's Council for Northeast Economic Action. The exchange asks colleges to list programs that would interest businesses. When a business is in need of a training or specialized instruction program, the exchange alerts colleges with applicable programs.

Similar programs could be developed in areas throughout the country, where the resources of postsecondary institutions could be tapped to educate the unemployed and underemployed and to support the training activities of industry. We need to form coalitions of educators and business people to develop ideas and to see them through the political process.

To reiterate, our postsecondary educational system must be flexible and responsive to student needs. We must recognize as a priority the widening of learning for persons of all ages, both sexes and all ethnic and economic backgrounds. That learning must consist of humanistics, scientific and vocational education of many varieties. It is the base of our culture, the foundation of our economy, a source of good citizenship and civic responsibility and a way toward the solution of social problems. Education must provide knowledge that allows individuals to participate in a changing society. If it fails to do that, the quality of that education itself will deteriorate.